



SUNDAYS RIVER VALLEY
MUNICIPALITY



**ANNUAL BUDGET
FOR THE 2019/20 TO
2021/22 MEDIUM
TERM REVENUE AND
EXPENDITURE
FORECAST**

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Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEG	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act
CFO	Chief Financial Officer		
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
EE	Employment Equity	MTEF	Medium-term Expenditure Framework
FBS	Free basic services	MTREF	Medium-term Revenue and Expenditure Framework
GRAP	Generally Recognized Accounting Practice	NGO	Non-Governmental organisations
GDP	Gross domestic product	NKPIs	National Key Performance Indicators
GFS	Government Financial Statistics	OHS	Occupational Health and Safety
HR	Human Resources	OP	Operational Plan
IDP	Integrated Development Strategy	PBO	Public Benefit Organisations
IT	Information Technology	PHC	Provincial Health Care
kl'.	kilolitre	PMS	Performance Management System
km	kilometre	PPE	Property Plant and Equipment
KPA	Key Performance Area	PPP	Public Private Partnership
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt		
l	litre	SMME	Small Micro and Medium Enterprises



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Part 1 - Annual Budget

1.1 Mayor's Report

Honourable Speaker

Executive members

Councillors

Officials

I greet you all in the name of service delivery.

Sundays River Valley Municipality is again preparing for the 2019/20 budget year set the task to provide sustainable and economically viable local governance to our communities. The provision of affordable and sustainable, quality services to all our communities remain high on the agenda. We find ourselves in a position where we must continuously adapt our strategies to suit prevailing economic circumstances as we cannot isolate ourselves from the global economy.

According to the National treasury the GDP is forecasted at 1.5% in 2020, 1,7 in 2021 and 2.1% in 2022. South Africa's economic outlook showed a decline in February 2019 because of increase on fuel, diesel, paraffin and electricity.

The main risks to this economic outlook are continued policy uncertainties and deteriorating finances in the state-owned enterprises. This will then have a negative impact on municipalities like Sundays River Valley Municipality, who solely depend on grants because of their extremely rural nature.

We have since noted that the Small-Town Revitalization and Integrated National Electrification Program has decreased and there is no Improvement on our Municipal Infrastructure grant funding.

It is because of this that we still place strong emphasis on value for money in all our procurement processes, and that we continue to encourage savings and strive to maximize all possible revenue sources for the 2019/20 financial year in us striving to secure the economic progression of the municipality. National Treasury put emphasis on the implementation of Cash Containment measures which assist on directing funds towards service delivery other than unnecessary expenditure.

It is expected that municipal revenue and cash flows will remain under pressure in 2019/20 we are adopting a conservative approach when projecting our revenues and cash receipts for 2019/20 financial year.



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The Municipality must, against the background of a very difficult financial year, balance its books. The equitable share allocation remains far too little for the proper administration and service delivery in the area, and the municipality therefore needs to rely on savings and critical cut-backs to ensure financial sustainability.

The budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.

The budget was compiled, taking into account the Macro-economic growth parameters and also addresses the following National Policy frameworks and Provincial priorities including the following:

- Incremental channelling of funds towards infrastructure development, poverty alleviation and job creation.
- Participation in expanded public works programs and labour-intensive projects.
- Building of capacity for long term growth through investment in infrastructure
- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.
- Focus on core service delivery activities of local government
- The building of an efficient developmental municipality through increasing the levels of delivery by ensuring improvements to policy formulation, procurement, management systems, developing mechanisms for sharing skilled personnel in critical delivery areas

The following underlying factors were also taken into consideration with the compilation of the 2019/20 Final budget:

The current socio-economic circumstances of our communities and especially the high rate of unemployment

External factors having a direct impact on the budget such as the consumer inflation, the wage agreement concluded with organized labour as well as other cost factors influencing service delivery.



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FOCUS OF THE 2019/20BUDGET

With the 2019/20 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.

Maintenance of existing infrastructure enjoys preference once again and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.

Provision of basic services, improvement of the quality of housing, infrastructure as well as sustainable service delivery.

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable.

The capital budget for the 2019/20 financial year amounts to **R 85 Million**.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Sundays River Valley Municipality.

Budgeting is primarily about the choices that the municipality must make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that Sundays River Valley Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.



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1.2 Council Resolutions

COUNCIL RESOLUTIONS OF A SPECIAL MEETING OF COUNCIL HELD ON 29 MAY 2019

Notice: Is hereby given in terms of Section 29(1) of Local Government; Municipal Structures Act, (Act 117 of 1998) in conjunction with section 19 and 20 of the Local Government Municipal Systems Act (32 of 2000) that, the Speaker hereby convenes a Special Council Meeting of Sundays River Valley Municipality to be held on Wednesday, 29 May 2019 at Sundays River Valley Municipality . Council Chambers at 10H00 to discuss the Agenda underneath

Resolution No: CON --01

1.That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the final IDP for 2018/18 - 2021/22 be approved.

Resolution No: CON-02

2.That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the final Annual budget of Sundays River Valley Municipality for the financial year 2019/20; and indicative allocations for the two projected outer years 2020/21 and 2021/22; and the multi-year and single year capital appropriations are approved as set-out in the following tables:

2.1. Budgeted Financial Performance (revenue and expenditure by standard classification);

2.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);

2.3. Budgeted Financial Performance (revenue by source and expenditure by type); and

2.4. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.



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3. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:

- 3.1. Budgeted Financial Position;
- 3.2. Budgeted Cash Flows;
- 3.3. Cash backed reserves and accumulated surplus reconciliation;
- 3.4. Asset management; and
- 3.5. Basic service delivery measurement.

4. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act 32 of 2000 as amended, the tariffs for property rates , refuse removal, electricity water and water and sanitation and other relevant tariffs as set out in annexure A, that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2019.

5. That in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the tariffs for other services, as set out in Annexure A, that were used in compiling the final budget, are approved with effect from 1 July 2019.

6. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium-term revenue and expenditure framework as set out in Supporting Table SA7 are approved.

Resolution No: CON – 03

7. That free basic services be provided to all registered indigent consumers only as follows:

1. The first 50 units of electricity free of charge
2. Refuse removal - full subsidy of single residential monthly levy and town cleaning levy
3. Property rates 100% subsidy
4. Alternative Energy 5 litres of gel.
5. Once off - gel stove per house hold where there is no electricity

8. That interest be charged on all debtor's accounts outstanding for a period of more than 60 days at the prevailing prime interest rate of 5.2 % as per the CPI by the and as per the credit control and debt collection policy.



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9. That in terms of the provisions of Section 75A of the Municipal Systems Act, 32 of 2000, the notice of the tariff amendments be displayed on notice boards at all municipal offices, libraries, and be advertised in local newspapers, and that the tariff policy is adopted with effect from 01 July 2019.

10. That in terms of the provisions of the Municipal Property Rates Act, (Act 6 of 2004) the remissions be granted to property owners in terms of the provisions of the municipal rates policy subject to the conditions contained in said policy

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that Sundays River Valley Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high- priority programs so as to maintain sound financial stewardship.

A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on unfunded mandates, telephone and internet usage, printing, workshops, accommodation, and catering.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, we will undertake various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 91 was used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

The ongoing difficulties in the national and local economy;

Aging and poorly maintained infrastructure especially on rural roads;

The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality

Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

Availability of affordable capital/borrowing.



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The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality,

In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

The following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to priorities expenditures:

Special Projects;

Consultant Fees;

Furniture and office equipment; Special Events;

Refreshments and entertainment;

Ad-hoc travelling; and

Subsistence, Travelling & Conference fees (national & international).



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The following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/20 MTREF

Total operating revenue has decreased by 7.25 % for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget.

Total operating expenditure for the 2019/20 financial year has been appropriated at R298 million The operating deficit is steadily increasing from R106 million to R102 million.

The capital budget of R million for 2019/20 is per cent less when compared to the 2018/2019 Adjustment Budget The increase is due to decrease on INEP and Small-Town Revitalisation and various projects that have been prioritized through equitable share and own reserves.

1.4 Operating Revenue Framework

For Sundays River Valley Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy will be built around the following key components:

National Treasury's guidelines and macroeconomic policy; Growth in the Sundays River Valley Municipality and continued economic development;

- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service.

The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).

Increase ability to extend new services and recover costs;



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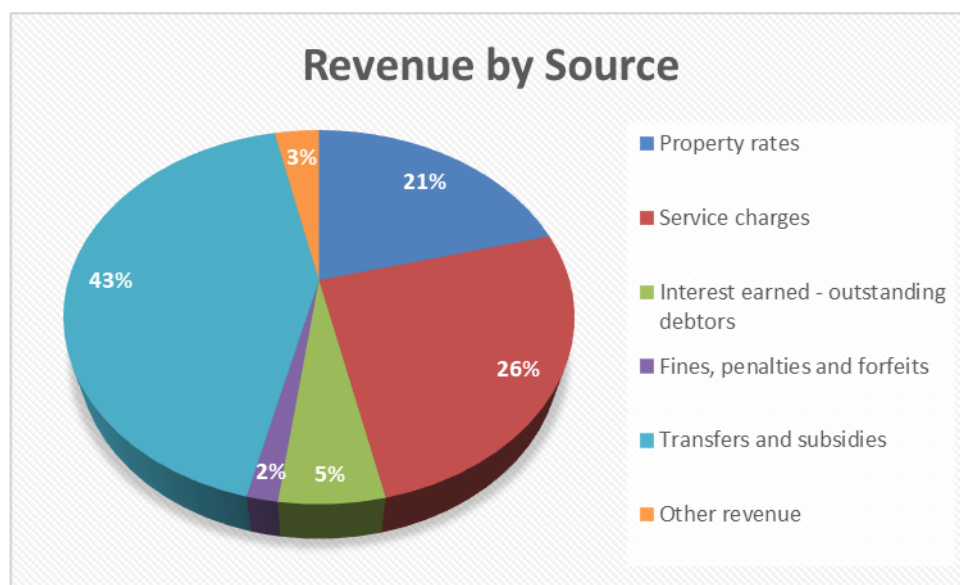
The municipality's Indigent Policy and rendering of free basic services and Tariff policies of Sundays River Valley Municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source)

Table 2 Summary of revenue classified by main revenue source.

EC106 Sundays River Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source												
Property rates	2		39,290	34,163	35,121	48,950	41,407	41,407	41,407	42,154	44,430	46,829
Service charges - electricity revenue	2		17,655	18,550	21,124	16,290	25,061	25,061	25,061	26,755	30,340	34,406
Service charges - water revenue	2		12,417	9,545	12,268	14,067	19,947	19,947	19,947	16,523	17,415	18,356
Service charges - sanitation revenue	2		3,234	2,661	4,607	5,812	6,574	6,574	6,574	2,894	3,050	3,215
Service charges - refuse revenue	2		6,114	5,089	8,571	9,027	6,615	6,615	6,615	5,711	6,020	6,345
Rental of facilities and equipment		23	66	55	68	68	68	68	68	58	61	65
Interest earned - external investments		1,379	1,616	1,498	1,843	1,293	1,293	1,293	1,293	1,360	1,496	1,645
Interest earned - outstanding debtors		2	10,341	8,245	9,126	10,675	10,675	10,675	10,675	11,238	11,920	12,649
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2,869	1,816	2,768	3,169	3,162	3,162	3,162	3,162	3,328	3,508	3,697
Licences and permits		1,889	2,125	1,666	1,946	1,693	1,693	1,693	1,693	1,831	1,930	2,034
Agency services		2,083	2,653	2,576	2,859	2,859	2,859	2,859	2,859	3,007	3,170	3,341
Transfers and subsidies		62,743	66,524	72,928	78,020	77,994	77,994	77,994	77,994	86,565	92,860	100,932
Other revenue	2		4,626	1,991	661	559	861	861	861	597	630	664
Gains on disposal of PPE		(10)	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			154,315	157,139	172,086	191,736	198,209	198,209	198,209	202,022	216,829	234,177



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Table 3 Operating Transfers and Grant Receipts

EC106 Sundays River Valley - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		55,969	63,151	68,712	75,386	75,386	75,386	83,676	89,877	97,722
Local Government Equitable Share		52,292	59,391	65,367	71,971	71,971	71,971	79,777	86,565	94,146
EPWP Incentive		1,000	1,000	1,000	1,000	1,000	1,000	1,019		
Finance Management		1,875	2,010	2,345	2,415	2,415	2,415	2,880	3,312	3,576
Municipal Systems Improvement		802	750	-						
Municipal Drought Relief				-						
Other transfers/grants [insert description]										
Provincial Government:		1,507	2,210	2,354	1,200	1,200	1,200	1,200	1,200	1,249
		350								
		-	1,010	1,154	-	-	-			
Audit Improvement and Library		1,157	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,249
District Municipality:		1,662	1,826	1,575	1,434	1,434	1,434	1,439	1,583	1,741
Environmental Services		1,287	1,258	1,575	1,434	1,434	1,434	1,439	1,583	1,741
Fire		375	568	-						
Other grant providers:		3,069	88	276	-	-	-	250	200	220
LGSETA			-	93	-			250	200	220
		3,069	88	183						
Total Operating Transfers and Grants	5	62,206	67,275	72,918	78,020	78,020	78,020	86,565	92,860	100,932
Capital Transfers and Grants										
National Government:		27,620	32,461	46,090	41,893	41,893	39,393	50,612	31,356	34,646
Municipal Infrastructure Grant (MIG)		23,620	21,711	26,000	25,162	25,162	22,662	25,612	26,856	28,646
Regional Bulk Infrastructure		2,500		2,090						
		-								
INEP		1,500	10,750	18,000	16,731	16,731	16,731	25,000	4,500	6,000
Provincial Government:		-	-	46,410	37,320	37,320	37,320	17,808	7,265	-
Small Town Revitalization			-	46,410	37,320	37,320	37,320	17,808	7,265	
District Municipality:		-	-	-	-	-	-	-	-	-
Environmental Services										
Other grant providers:		-	5,834	5,760	-	-	-	-	-	-
Roads Infrastructure Grant			5,834	5,760						
Total Capital Transfers and Grants	5	27,620	38,295	98,260	79,213	79,213	76,713	68,420	38,621	34,646
TOTAL RECEIPTS OF TRANSFERS & GRANTS		89,826	105,570	171,178	157,233	157,233	154,733	154,985	131,481	135,578



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1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R60 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;

35 per cent rebate will be granted on all residential properties (including state owned residential properties)

100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income.

The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension.

The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and The property must be categorized as residential.



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The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on a 5.2 per cent increase from 1 July 2019 is contained below:

Table 4 Comparison of proposed rates to levied for the 2019/20 financial year.

ASSESSMENT RATES	PROPOSED TARIFFS 2018/19	PROPOSED TARIFFS 2019/20	PROPOSED TARIFFS 2020/21	PROPOSED TARIFFS 2021/2022
land and improvements- srvm-residential	0.01312	0.01380	0.01454	0.01533
land and improvements- srvm-business & industrial properties	0.01623	0.01708	0.01800	0.01897
land and improvements- state owned properties	0.02656	0.02794	0.02945	0.03104
agriculture	0.00328	0.00345	0.00364	0.00383
Public Service Infrastructure	0.00328	0.00345	0.00364	0.00383
Rates Building Clause	0.01312	0.01380	0.01454	0.01533
Rates Clearance	81.93	86.19	90.85	95.75
Valuation certificate	81.93	86.19	90.85	95.75
Services rates- Informal Structure				
State owned properties less 30%				
R75000 rebate for all residential Properties				
Rebates as per policy				



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1.4.2 Waste Removal and Impact of Tariff Increases.

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 5.2 per cent increase in the waste removal tariff is proposed from 1 July 2019. Any increase higher than 9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2019

Table 5 Comparison between current waste removal fees and increases.

REFUSE	PROPOSED TARIFFS 2018/19	PROPOSED TARIFFS 2019/20	PROPOSED TARIFFS 2020/21	PROPOSED TARIFFS 2021/2022
Households per month	88.22	92.81	97.82	103.11
Businesses	157.59	165.78	174.73	184.17
Fine for illegal dumping of refuse	4380.14	4607.90	4856.73	5118.99
Fine for illegal dumping of rubble	9636.30	10137.39	10684.81	11261.79



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1.4.3 Electricity and Impact of Tariff Increases

Currently Electricity supply is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The main contributors to this deficit are repairs and maintenance on vehicles, illegal connections increases in general expenditure such as petrol and diesel and the cost of remuneration and purchasing of electricity.

A 13.1% per cent increase in the Electricity tariff is proposed from 1 July 2019 compared to a 15% increase by Eskom. The municipality will have to implement a strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term and that the municipality collects all the revenue due which relates to this service hence we have budgeted for the installation of prepaid electricity meters. The municipality needs to also have a close monitoring of illegal connections.



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The following table compares current and proposed amounts payable from 1 July 2019.

ELECTRICITY	PROPOSED	PROPOSED	PROPOSED	PROPOSED
	TARIFFS	TARIFFS	TARIFFS	TARIFFS
	2018/19	2019/20	2020/21	2021/2022
Basic charge- h/h per room minimum 2 rooms max 5)	44.00	49.76	52.44	55.27
Basic charge- Business	559.82	632.98	667.17	703.19
Basic Charge NER approved+ 4% (Moses Mabida)	20.64	23.34	24.60	25.92
Availability p.a. 470&471	243.24	275.04	289.89	305.54
Free Basic Electricity (per 50 KWH)	169.24	191.36	201.69	212.58
Electricity service charge		0.00	0.00	0.00
NEW INCLINING BLOCK TARIFFS FOR HOUSEHOLDS				
up to 50 kwh	0.9930	1.12	1.18	1.25
51 - 350 kwh	1.1756	1.33	1.40	1.48
351 - 600 kwh	1.5815	1.79	1.88	1.99
> 600 kwh	1.6436	1.86	1.96	2.06
Basic charge residents per room min 2 max 5	44.01	49.76	52.45	55.28
		0.00	0.00	0.00
NEW INCLINING BLOCK TARIFFS FOR PREPAID HOUSEHOLDS				
up to 50 kwh	0.9930	1.12	1.18	1.25
51 - 350 kwh	1.1756	1.33	1.40	1.48
351 - 600 kwh	1.5815	1.79	1.88	1.99
> 600 kwh	1.6436	1.86	1.96	2.06
Indigent households receives first 50 kwh free				
Electricity usage tower	211.76	239.44	252.37	266.00
ELECTRICITY SMALL BUSINESS (70 AMP SINGLE PHASE)				
up to 300 Kwh	1.61	1.82	1.92	2.02
300Kwh to 700 Kwh	1.65	1.87	1.97	2.07
In excess of 700 Kwh	1.8069	2.04	2.15	2.27
Service Charge	321.39	363.40	383.02	403.70
ELECTRICITY SMALL BUSINESS (70 AMP SINGLE PHASE) PREPAID				
up to 300 Kwh	1.60	1.81	1.91	2.01
300Kwh to 700 Kwh	1.66	1.87	1.97	2.08
In excess of 700 Kwh	1.80	2.04	2.15	2.26
ELECTRICITY BUSINESS (70 AMP THREE PHASE)				
up to 300 Kwh	1.8069	2.04	2.15	2.27
300Kwh to 700 Kwh	1.8722	2.12	2.23	2.35
In excess of 700 Kwh	1.9049	2.15	2.27	2.39
Service Charge	321.39	363.39	383.01	403.70
ELECTRICITY BUSINESS (70 AMP THREE PHASE) PREPAID				
up to 300 Kwh	1.81	2.04	2.15	2.27
300Kwh to 700 Kwh	1.88	2.12	2.24	2.36
In excess of 700 Kwh	1.91	2.15	2.27	2.39
ELECTRICITY BUSINESS (ABOVE 70 AMP THREE PHASE)				
Kwh Charge HIGH SEASON - JUNE - AUG	1.2626	1.43	1.50	1.59
Kwh Charge LOW SEASON - SEPT - MAY	0.9796	1.11	1.17	1.23
Basic Service Charge	336.24	380.19	400.72	422.36
KVA CHARGE HIGH SEASON - JUNE - AUG	310.59	351.18	370.15	390.14
KVA CHARGE LOW SEASON - SEPT - MAY	218.22	246.74	260.07	274.11
ELECTRICITY MUNICIPAL 444				
up to 300 Kwh	0.9361	1.06	1.12	1.18
300Kwh to 700 Kwh	1.0449	1.18	1.25	1.31
In excess of 700 Kwh	1.3824	1.56	1.65	1.74
Service Charge				
ELECTRICITY MUNICIPAL 446				
up to 300 Kwh	1.6110	1.82	1.92	2.02
300Kwh to 700 Kwh	1.7198	1.94	2.05	2.16
In excess of 700 Kwh	1.8178	2.06	2.17	2.28
Service Charge				
Electricity Municipal Service Charge1 458	29.68	33.56	35.37	37.28
Electricity Municipal Service Charge2 459				
Per unit	9.51	10.75	11.33	11.95
Service Charge	148.31	167.69	176.75	186.29
Electricity Street Lights 434	0.3265	0.37	0.39	0.41
Electricity Deposit				
Household	1748.40	1976.92	2083.67	2196.19
Business	3417.93	3864.65	4073.34	4293.30
Default advance payment (three time average consumption)				
Reconnection Fee	1051.67	1189.12	1253.34	1321.02
Disconnection fee	1051.67	1189.12	1253.34	1321.02
Illegal connection	5258.35	5652.17	5957.39	6279.09
Meter Box (Single phase)		1304.35	1374.78	1449.02
Meter Box (Three phase)		2608.70	2749.57	2898.05
New connection Contractors fee + 20%)	full cost	0.00	0.00	0.00



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1.4.4 Water and Impact of Tariff Increases

Currently Water supply is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The main contributors to this deficit are leakages, the cost of purchasing water, chemicals, repairs and maintenance and increases in general expenditure. The municipality will have to implement a strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The municipality has budgeted for the installation of prepaid meters for Kirkwood Bergsig and Aquapark.



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1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital program is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high-level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item.

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	47,104	55,461	61,823	72,661	71,454	71,454	71,454	81,843	87,150	92,728
Remuneration of councillors		6,110	6,214	6,819	7,173	7,054	7,054	7,054	7,441	7,918	8,424
Debt impairment	3	11,181	23,420	22,726	25,098	79,761	79,761	79,761	13,454	14,450	15,501
Depreciation & asset impairment	2	29,111	32,012	28,083	37,803	37,803	37,803	37,803	26,366	26,874	27,952
Finance charges		2,085	1,080	1,950	3,385	16,265	16,265	16,265	2,830	2,983	3,144
Bulk purchases	2	20,014	17,220	20,200	26,256	22,962	22,962	22,962	29,523	33,100	37,167
Other materials	8	-	-	3,385	4,827	4,879	4,879	4,879	8,082	8,430	8,530
Contracted services		7,226	22,221	20,519	30,269	29,132	29,132	29,132	40,771	35,574	33,405
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	46,282	23,001	26,057	31,530	29,376	29,376	29,376	33,480	36,084	35,324
Loss on disposal of PPE		445	487	4,572	-	5,029	5,029	5,029	-	-	-
Total Expenditure		169,560	181,117	196,134	239,002	303,714	303,714	303,714	243,790	252,562	262,175



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The budgeted allocation for employee related costs for the 2019/20 financial year totals R81,8 million, which equals 33,5 % of the total operating expenditure. Based on the three-year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.7 per cent for the 2019/20 financial year.

As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was finalised relating to critical and strategically important vacancies. In addition, expenditure against overtime and acting allowances was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the current budget. A provision for a 6.5% increment has been taken into account.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 26,3 million for the 2019/20 financial and equates to 11 per cent of the total operating expenditure.

In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure. For 2019/20 the appropriation against this group of expenditure has grown by 11 per cent (10million). This amount is included under other expenses.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2019/20 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. However, in the 2019/20 financial year, this group of expenditure has increased drastically mainly because of road maintenance that will be performed by contractors.



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Figure 1 Main operational expenditure categories for the 2019/20 financial year

The table below illustrates some of the major operating projects that have been prioritized for implementation in the upcoming financial year.

LED PROJECTS	BUDGETED AMOUNT
1.Waste Recycling Co-operatives	R70 000.00
2.LED (SMME) related Outreaches, Workshops and Indaba	R40 000.00
3.Training of SMMEs	R50 000.00
SPECIAL PROGRAMS UNIT PROJECTS	
Youth Councili programms	R100 000.00
16 Days of activism	R30 000.00
Women empowerment initiatives	R50 000.00
Sport development	R50 000.00
Recreation, arts and culture development	R50 000.00
Disabled people empowerment initiatives	R50 000.00
June 16 Commemoration	R100 000.00
Substance and Drug Abuse	R20 000.00
World Aids Day	R60 000.00
TB Day	R30 000.00



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1.5.1 Priority given to repairs and maintenance

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 30.6 per cent in the 2019/20 financial year, from R3.7 million to R 14 million. This also includes other operational expenses that relate to these services.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:



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Table 7 Operational repairs and maintenance

EC106 Sundays River Valley - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		2,601	3,265	2,978	1,974	1,906	1,906	10,845	11,033	11,874
Roads Infrastructure		142	231	–	440	–	–	3,794	4,042	4,301
Roads		142	231	–	140	–	–	3,794	4,042	4,301
Road Furniture		–	–	–	300	–	–	–	–	–
Electrical Infrastructure		23	56	651	50	50	50	3,026	3,218	3,419
MV Substations		23	56	651	–	–	–	–	–	–
MV Networks		–	–	–	50	50	50	450	474	500
LV Networks		–	–	–	–	–	–	2,576	2,744	2,919
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		968	1,006	176	984	1,456	1,456	699	736	776
Reservoirs		–	–	–	684	906	906	–	–	–
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		–	–	–	300	550	550	699	736	776
Bulk Mains		968	1,006	176	–	–	–	–	–	–
Sanitation Infrastructure		1,068	1,860	1,070	200	200	200	3,126	2,826	3,156
Waste Water Treatment Works		1,068	1,860	1,070	–	–	–	2,616	2,288	2,589
Outfall Sewers		–	–	–	200	200	200	210	222	234
Toilet Facilities		–	–	–	–	–	–	300	316	333
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		401	112	1,082	300	200	200	200	211	222
Landfill Sites		401	112	1,082	300	200	200	200	211	222
Community Assets		–	–	–	852	460	460	1,100	1,159	711
Community Facilities		–	–	–	652	260	260	700	738	667
Halls		–	–	–	–	–	–	100	105	–
Libraries		–	–	–	152	10	10	–	–	–
Cemeteries/Crematoria		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	500	250	250	600	632	667
Sport and Recreation Facilities		–	–	–	200	200	200	400	422	44
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		–	–	–	200	200	200	400	422	44
Capital Spares		–	–	–	–	–	–	–	–	–
Other assets		282	115	428	907	657	657	1,210	1,276	789
Operational Buildings		282	115	428	907	657	657	1,210	1,276	789
Municipal Offices		282	115	428	700	450	450	1,210	1,276	789
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	207	207	207	–	–	–
Furniture and Office Equipment		71	0	60	200	100	100	102	108	113
Furniture and Office Equipment		71	0	60	200	100	100	102	108	113
Machinery and Equipment		–	–	–	148	168	168	270	285	300
Machinery and Equipment		–			148	168	168	270	285	300
Transport Assets		118	594	277	353	409	409	497	524	541
Transport Assets		118	594	277	353	409	409	497	524	541
Total Repairs and maintenance	1	3,072	3,974	3,744	4,433	3,700	3,700	14,025	14,384	14,328
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as % Operating Expenditure		-12.8%	-16.5%	-7.9%	-4.2%	-3.5%	-3.5%	-33.6%	-40.3%	-51.2%



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1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The municipality has set aside an amount totalling to R 2.5 million for electricity indigents, and R1000 million for alternate energy indigents.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 9 2019/20 Medium-term capital budget per vote

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Governance and administration		2,171	3,252	4,081	7,265	12,099	12,099	12,099	2,640	-	-
Executive and council		-	125	33	1,765	6,781	6,781	6,781	600	-	-
Finance and administration		2,171	3,128	4,048	5,500	5,319	5,319	5,319	2,040	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		5,792	3,516	944	5,303	2,868	2,868	2,868	4,750	-	-
Community and social services		-	588	-	2,640	2,378	2,378	2,378	2,050	-	-
Sport and recreation		5,792	1,009	944	-	-	-	-	-	-	-
Public safety		-	1,919	-	2,663	490	490	490	2,700	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environment		17,921	18,599	62,005	52,995	45,518	45,518	45,518	27,446	15,364	8,639
Planning and development		-	80	-	340	100	100	100	200	-	-
Road transport		17,921	18,518	62,005	52,655	45,418	45,418	45,418	27,246	15,364	8,639
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		8,350	10,632	31,655	41,525	44,074	44,074	44,074	50,184	21,914	24,575
Energy sources		6,614	6,158	16,008	18,066	16,731	16,731	16,731	25,550	4,500	6,000
Water management		1,505	38	2,303	6,917	15,844	15,844	15,844	8,447	5,983	6,381
Waste water management		232	3,841	13,345	14,002	9,799	9,799	9,799	15,227	11,431	12,193
Waste management		-	595	-	2,540	1,700	1,700	1,700	960	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	3	34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214
Funded by:											
National Government		30,905	21,115	42,293	40,635	43,335	43,335	43,335	49,331	30,013	33,214
Provincial Government		-	4,262	52,312	37,320	37,320	37,320	37,320	17,808	7,265	-
District Municipality		-	4,160	-	-	-	-	-	-	-	-
Other transfers and grants		-	728	-	-	1,265	1,265	1,265	-	-	-
Transfers received	4	30,905	30,264	94,605	77,955	81,920	81,920	81,920	67,139	37,278	33,214
Borrowing	6	-	-	-	14,297	-	-	-	8,950	-	-
Internally generated funds		3,330	5,736	4,081	14,835	22,639	22,639	22,639	8,930	-	-
Total Capital Funding	7	34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214



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For 2019/20 an amount of R85 million has been appropriated for the development of infrastructure which represents 31 per cent of the total budget.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 10 MBRR Table A1 • Budget Summary

EC106 Sundays River Valley - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	39,290	34,163	35,121	48,950	41,407	41,407	41,407	42,154	44,430	46,829
Service charges	39,420	35,845	46,569	45,196	58,197	58,197	58,197	51,883	56,825	62,321
Investment revenue	1,379	1,616	1,498	1,843	1,293	1,293	1,293	1,360	1,496	1,645
Transfers recognised - operational	62,743	66,524	72,928	78,020	77,994	77,994	77,994	86,565	92,860	100,932
Other own revenue	11,482	18,991	15,971	17,727	19,317	19,317	19,317	20,060	21,218	22,449
Total Revenue (excluding capital transfers and contributions)	154,315	157,139	172,086	191,736	198,209	198,209	198,209	202,022	216,829	234,177
Employee costs	47,104	55,461	61,823	72,661	71,454	71,454	71,454	81,843	87,150	92,728
Remuneration of councillors	6,110	6,214	6,819	7,173	7,054	7,054	7,054	7,441	7,918	8,424
Depreciation & asset impairment	29,111	32,012	28,083	37,803	37,803	37,803	37,803	26,366	26,874	27,952
Finance charges	2,085	1,080	1,950	3,385	16,265	16,265	16,265	2,830	2,983	3,144
Materials and bulk purchases	20,014	17,220	23,586	31,082	27,841	27,841	27,841	37,604	41,530	45,697
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	65,135	69,129	73,874	86,897	143,297	143,297	143,297	87,705	86,107	84,229
Total Expenditure	169,560	181,117	196,134	239,002	303,714	303,714	303,714	243,790	252,562	262,175
Surplus/(Deficit)	(15,244)	(23,978)	(24,048)	(47,266)	(105,506)	(105,506)	(105,506)	(41,768)	(35,732)	(27,998)
Transfers and subsidies - capital (monetary allocations) (NA)	32,294	37,605	99,590	79,213	79,571	79,571	79,571	68,420	38,621	34,646
Contributions recognised - capital & contributed assets	-	-	-	-	1,225	1,225	1,225	-	-	-
Surplus/(Deficit) after capital transfers & contributions	17,050	13,626	75,542	31,947	(24,709)	(24,709)	(24,709)	26,652	2,889	6,648
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	17,050	13,626	75,542	31,947	(24,709)	(24,709)	(24,709)	26,652	2,889	6,648
Capital expenditure & funds sources										
Capital expenditure	34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214
Transfers recognised - capital	30,905	30,264	94,605	77,955	81,920	81,920	81,920	67,139	37,278	33,214
Borrowing	-	-	-	14,297	-	-	-	8,950	-	-
Internally generated funds	3,330	5,736	4,081	14,835	22,639	22,639	22,639	8,930	-	-
Total sources of capital funds	34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214
Financial position										
Total current assets	54,703	66,433	90,900	83,378	48,756	48,756	48,756	93,047	67,138	71,605
Total non current assets	570,153	572,855	641,153	665,403	713,474	713,474	713,474	741,339	629,458	600,247
Total current liabilities	34,796	47,461	61,575	30,270	71,477	71,477	71,477	39,772	41,728	44,061
Total non current liabilities	15,690	16,322	19,432	32,401	39,212	39,212	39,212	33,178	31,386	29,130
Community wealth/Equity	574,370	575,505	651,045	686,110	651,540	651,540	651,540	761,436	623,481	598,661
Cash flows										
Net cash from (used) operating	23,901	44,013	97,317	111,563	94,953	94,953	94,953	92,373	43,324	42,958
Net cash from (used) investing	(33,223)	(36,000)	(98,686)	(107,087)	(104,259)	(104,259)	(104,259)	(84,290)	(37,278)	(33,214)
Net cash from (used) financing	(3,171)	(949)	(980)	(4,596)	(1,150)	(1,150)	(1,150)	(4,459)	(5,018)	(5,288)
Cash/cash equivalents at the year end	7,870	14,934	12,585	1,889	4,138	4,138	4,138	7,763	8,792	13,248
Cash backing/surplus reconciliation										
Cash and investments available	8,510	14,934	12,585	21,273	4,138	4,138	4,138	7,763	8,792	13,248
Application of cash and investments	(6,703)	17,254	20,066	(45,485)	43,766	43,766	43,766	(27,940)	(5,778)	(3,829)
Balance - surplus (shortfall)	15,213	(2,320)	(7,481)	66,758	(39,627)	(39,627)	(39,627)	35,703	14,570	17,077
Asset management										
Asset register summary (WDV)	570,153	572,855	641,153	665,403	713,474	713,474	713,474	741,339	629,458	600,247
Depreciation	29,111	32,012	28,083	37,803	37,803	37,803	37,803	26,366	26,874	27,952
Renewal and Upgrading of Existing Assets	30,905	30,146	94,605	82,955	89,565	89,565	89,565	63,819	31,296	26,832
Repairs and Maintenance	3,072	3,974	3,744	4,433	3,700	3,700	3,700	14,025	14,384	14,328
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	31,231	31,231	33,889	36,857
Revenue cost of free services provided	-	-	-	-	-	-	45,562	45,562	48,022	50,616
Households below minimum service level										
Water:	0	0	0	4	4	4	4	4	4	4
Sanitation/sewerage:	1	1	1	3	3	3	3	3	3	3
Energy:	3	3	3	4	4	4	4	4	4	4
Refuse:	6	6	6	6	6	6	6	6	6	6

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Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

(a). The operating surplus/deficit (after Total Expenditure) is positive over the MTREF

(b). Capital expenditure is balanced by capital funding sources, of which

- Transfers recognised is reflected on the Financial Performance Budget;
- Internally generated fund is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.



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Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC106 Sundays River Valley - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Municipal governance and administration		58,082	67,021	72,642	70,981	64,105	64,105	75,796	81,580	86,653
Executive and council		7,041	15,779	17,515	7,524	7,524	7,524	16,547	17,896	19,016
Mayor and Council		2,868	3,038	5,572	3,301	3,301	3,301	7,520	7,903	8,307
Municipal Manager, Town Secretary and Chief Executive		4,172	12,741	11,943	4,223	4,223	4,223	9,026	9,993	10,709
Finance and administration		51,042	51,242	55,127	63,457	56,581	56,581	59,249	63,683	67,637
Administrative and Corporate Support		–	–	–	8,448	8,448	8,448	–	–	–
Asset Management		–	–	–	–	–	–	–	–	–
Finance		50,952	48,521	39,243	55,009	48,033	48,033	49,973	53,490	56,708
Fleet Management		–	–	–	–	–	–	–	–	–
Human Resources	–	89	2,721	15,884	–	100	100	9,276	10,193	10,929
Information Technology		–	–	–	–	–	–	–	–	–
Community and public safety		15,932	16,029	15,620	27,940	27,078	27,078	18,488	19,901	21,136
Community and social services		8,717	8,869	8,108	20,029	19,420	19,420	10,338	11,311	12,082
Community Halls and Facilities		7,551	7,666	6,905	8,585	9,271	9,271	9,118	10,090	10,810
Libraries and Archives		1,166	1,203	1,202	11,444	10,149	10,149	1,221	1,222	1,272
Public safety		7,215	7,160	7,512	7,911	7,658	7,658	8,150	8,590	9,054
Control of Public Nuisances		–	–	–	–	549	549	–	–	–
Fire Fighting and Protection		375	568	503	–	10	10	–	–	–
Police Forces, Traffic and Street Parking Control		6,840	6,592	7,010	7,911	7,100	7,100	8,150	8,590	9,054
Pounds		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Economic and environmental services		33,073	27,946	90,072	59,377	53,845	53,845	34,100	19,040	12,319
Planning and development		33,073	27,946	29,552	5,610	5,640	5,640	1,441	1,512	1,610
Corporate Wide Strategic Planning (IDPs, LEDS)		–	–	150	4,223	4,223	4,223	–	–	–
Town Planning, Building Regulations and Enforcement, and City Engineer		33,073	27,946	29,402	129	159	159	160	169	178
Project Management Unit		–	–	–	1,258	1,258	1,258	1,281	1,343	1,432
Road transport		–	–	60,519	53,768	48,206	48,206	32,659	17,528	10,709
Roads		–	–	60,519	53,768	48,206	48,206	32,659	17,528	10,709
Taxi Ranks		–	–	–	–	–	–	–	–	–
Trading services		79,522	83,748	91,767	111,162	132,613	132,613	140,603	133,329	146,956
Energy sources		27,296	45,415	49,895	40,772	48,148	48,148	59,720	43,064	49,903
Electricity		27,296	45,415	49,895	40,772	48,148	48,148	59,720	43,064	49,903
Street Lighting and Signal Systems		–	–	–	–	–	–	–	–	–
Nonelectric Energy		–	–	–	–	–	–	–	–	–
Water management		24,692	20,750	19,005	26,017	40,190	40,190	39,799	58,502	62,380
Water Treatment		–	–	–	–	–	–	–	–	–
Water Distribution		24,692	20,750	19,005	26,017	40,190	40,190	39,799	58,502	62,380
Water Storage		–	–	–	–	–	–	–	–	–
Waste water management		13,127	8,601	12,698	24,041	23,715	23,715	21,730	11,325	12,374
Public Toilets		–	–	–	–	–	–	–	–	–
Sewerage		13,127	8,601	12,698	24,041	23,715	23,715	21,730	11,325	12,374
Waste management		14,407	8,981	10,169	20,332	20,560	20,560	19,354	20,438	22,297
Solid Waste Removal		14,407	8,981	10,169	20,332	20,560	20,560	19,354	20,438	22,297
Street Cleaning		–	–	–	–	–	–	–	–	–
Other		–	–	1,575	1,489	1,363	1,363	1,455	1,600	1,759
Licensing and Regulation		–	–	1,575	1,489	1,363	1,363	1,455	1,600	1,759
Total Revenue - Functional	2	186,609	194,744	271,676	270,949	279,005	279,005	270,442	255,450	268,823



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EC106 Sundays River Valley - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure - Functional										
Municipal governance and administration		100,525	113,913	110,055	83,006	94,607	94,607	86,003	85,551	83,987
Executive and council		15,251	14,240	13,691	15,879	14,734	14,734	16,133	17,138	16,250
Mayor and Council		7,033	6,942	9,954	9,859	10,085	10,085	9,754	10,399	10,769
Municipal Manager, Town Secretary and Chief Executive		8,218	7,298	3,737	6,020	4,650	4,650	6,379	6,739	5,481
Finance and administration		85,274	99,672	96,364	67,127	79,872	79,872	69,870	68,413	67,737
Administrative and Corporate Support		-	-	-	3,075	2,316	2,316	2,237	3,547	2,483
Finance		75,262	86,702	83,530	48,021	61,842	61,842	49,655	45,860	47,456
Fleet Management		-	-	-	-	-	-	-	-	-
Human Resources		10,012	12,970	12,834	13,850	14,768	14,768	15,738	16,630	15,669
Information Technology		-	-	-	2,181	947	947	2,240	2,375	2,129
Community and public safety		16,382	18,366	21,402	32,173	44,402	44,402	37,660	38,465	41,484
Community and social services		6,512	7,388	8,062	17,535	28,208	28,208	17,844	17,430	19,203
Community Halls and Facilities		5,368	5,662	5,331	9,466	7,934	7,934	10,394	9,541	10,995
Libraries and Archives		1,144	1,726	2,731	8,070	20,273	20,273	7,451	7,889	8,209
Public safety		9,870	10,726	12,845	14,013	15,084	15,084	18,481	19,615	20,775
Fire Fighting and Protection		2,345	2,736	2,442	3,337	5,495	5,495	4,233	4,492	4,765
Police Forces, Traffic and Street Parking Control		7,525	7,990	10,403	10,676	9,589	9,589	14,248	15,122	16,010
Pounds		-	-	-	-	-	-	-	-	-
Housing		-	252	495	624	1,110	1,110	1,335	1,420	1,506
Housing		-	252	495	624	1,110	1,110	1,335	1,420	1,506
Economic and environmental services		9,505	5,313	6,901	21,158	15,852	15,852	14,955	15,717	14,982
Planning and development		9,505	5,313	3,924	7,803	3,909	3,909	8,934	9,328	8,316
Corporate Wide Strategic Planning (IDPs, LEDs)		-	-	2,558	4,620	3,530	3,530	4,695	4,980	4,286
Town Planning, Building Regulations and Enforcement, and City Engineer		9,505	5,313	1,367	571	-	-	1,632	1,595	1,126
Project Management Unit		-	-	-	2,612	380	380	2,607	2,753	2,905
Road transport		-	-	2,976	13,355	11,943	11,943	6,021	6,389	6,665
Road and Traffic Regulation		-	-	2,976	764	147	147	-	-	-
Roads		-	-	-	12,590	11,795	11,795	6,021	6,389	6,665
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		43,147	43,525	56,803	101,172	147,490	147,490	103,510	111,064	119,849
Energy sources		21,816	18,498	23,194	29,876	33,442	33,442	37,131	41,276	45,766
Electricity		21,816	18,498	23,194	29,876	33,442	33,442	37,131	41,276	45,766
Water management		11,455	13,357	18,473	41,470	62,329	62,329	33,357	35,510	37,783
Water Treatment		-	-	-	-	-	-	-	-	-
Water Distribution		11,455	13,357	18,473	41,470	62,329	62,329	33,357	35,510	37,783
Water Storage		-	-	-	-	-	-	-	-	-
Waste water management		5,817	7,719	8,108	13,782	20,965	20,965	15,063	15,504	16,499
Public Toilets		-	-	-	-	-	-	-	-	-
Sewerage		5,817	7,719	8,108	13,782	20,965	20,965	15,063	15,504	16,499
Waste management		4,060	3,950	7,029	16,045	30,754	30,754	17,959	18,773	19,802
Solid Waste Removal		4,060	3,950	7,029	16,045	30,754	30,754	17,959	18,773	19,802
Street Cleaning		-	-	-	-	-	-	-	-	-
Other		-	-	974	1,492	1,363	1,363	1,663	1,765	1,873
Licensing and Regulation		-	-	974	1,492	1,363	1,363	1,663	1,765	1,873
Total Expenditure - Functional	3	169,560	181,117	196,134	239,002	303,714	303,714	243,790	252,562	262,175
Surplus/(Deficit) for the year		17,050	13,626	75,542	31,947	(24,709)	(24,709)	26,652	2,889	6,648



Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognized - capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for our services function, because about 85 % of its revenue is from equitable share. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure and the implementation of prepaid meters for both water and electricity.

4. Road transport function is showing a deficit between revenue and expenditure because of depreciation amounting to R 26 m.



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Table 12 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC106 Sundays River Valley - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Mayor and Council		2,868	3,038	5,572	3,301	3,301	3,301	7,520	7,903	8,307
Vote 2 - Municipal Manager		4,172	12,741	12,093	8,446	8,446	8,446	9,026	9,993	10,709
Vote 3 - Finance		50,952	48,521	39,243	55,009	56,918	56,918	49,973	53,490	56,708
Vote 4 - Corporate Service		89	2,721	15,884	8,448	8,548	8,548	9,276	10,193	10,929
Vote 5 - Community Services		30,340	25,011	27,364	49,762	40,118	40,118	39,298	41,940	45,193
Vote 6 - Technical Service		98,187	102,712	171,520	145,984	161,675	161,675	155,348	131,931	136,977
Total Revenue by Vote	2	186,609	194,744	271,676	270,949	279,005	279,005	270,442	255,450	268,823
Expenditure by Vote to be appropriated	1									
Vote 1 - Mayor and Council		7,033	6,942	9,954	9,859	10,177	10,177	9,754	10,399	10,769
Vote 2 - Municipal Manager		8,218	7,298	6,294	10,640	8,422	8,422	11,074	11,719	9,767
Vote 3 - Finance		75,262	86,702	83,530	48,021	78,917	78,917	49,655	45,860	47,456
Vote 4 - Corporate Service		10,012	12,970	12,834	19,870	17,271	17,271	20,215	22,553	20,281
Vote 5 - Community Services		20,441	22,065	28,909	49,086	58,827	58,827	55,947	57,584	61,653
Vote 6 - Technical Service		48,593	45,140	54,613	101,525	130,101	130,101	97,146	104,447	112,249
Total Expenditure by Vote	2	169,560	181,117	196,134	239,002	303,714	303,714	243,790	252,562	262,175
Surplus/(Deficit) for the year	2	17,050	13,626	75,542	31,947	(24,709)	(24,709)	26,652	2,889	6,648

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.



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Table 13 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**EC106 Sundays River Valley - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	39,290	34,163	35,121	48,950	41,407	41,407	41,407	42,154	44,430	46,829
Service charges - electricity revenue	2	17,655	18,550	21,124	16,290	25,061	25,061	25,061	26,755	30,340	34,406
Service charges - water revenue	2	12,417	9,545	12,268	14,067	19,947	19,947	19,947	16,523	17,415	18,356
Service charges - sanitation revenue	2	3,234	2,661	4,607	5,812	6,574	6,574	6,574	2,894	3,050	3,215
Service charges - refuse revenue	2	6,114	5,089	8,571	9,027	6,615	6,615	6,615	5,711	6,020	6,345
Rental of facilities and equipment		23	66	55	68	68	68	68	58	61	65
Interest earned - external investments		1,379	1,616	1,498	1,843	1,293	1,293	1,293	1,360	1,496	1,645
Interest earned - outstanding debtors		2	10,341	8,245	9,126	10,675	10,675	10,675	11,238	11,920	12,649
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2,869	1,816	2,768	3,169	3,162	3,162	3,162	3,328	3,508	3,697
Licences and permits		1,889	2,125	1,666	1,946	1,693	1,693	1,693	1,831	1,930	2,034
Agency services		2,083	2,653	2,576	2,859	2,859	2,859	2,859	3,007	3,170	3,341
Transfers and subsidies		62,743	66,524	72,928	78,020	77,994	77,994	77,994	86,565	92,860	100,932
Other revenue	2	4,626	1,991	661	559	861	861	861	597	630	664
Gains on disposal of PPE		(10)	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		154,315	157,139	172,086	191,736	198,209	198,209	198,209	202,022	216,829	234,177
Expenditure By Type											
Employee related costs	2	47,104	55,461	61,823	72,661	71,454	71,454	71,454	81,843	87,150	92,728
Remuneration of councillors		6,110	6,214	6,819	7,173	7,054	7,054	7,054	7,441	7,918	8,424
Debt impairment	3	11,181	23,420	22,726	25,098	79,761	79,761	79,761	13,454	14,450	15,501
Depreciation & asset impairment	2	29,111	32,012	28,083	37,803	37,803	37,803	37,803	26,366	26,874	27,952
Finance charges		2,085	1,080	1,950	3,385	16,265	16,265	16,265	2,830	2,983	3,144
Bulk purchases	2	20,014	17,220	20,200	26,256	22,962	22,962	22,962	29,523	33,100	37,167
Other materials	8	-	-	3,385	4,827	4,879	4,879	4,879	8,082	8,430	8,530
Contracted services		7,226	22,221	20,519	30,269	29,132	29,132	29,132	40,771	35,574	33,405
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	46,282	23,001	26,057	31,530	29,376	29,376	29,376	33,480	36,084	35,324
Loss on disposal of PPE		445	487	4,572	-	5,029	5,029	5,029	-	-	-
Total Expenditure		169,560	181,117	196,134	239,002	303,714	303,714	303,714	243,790	252,562	262,175
Surplus/(Deficit)		(15,244)	(23,978)	(24,048)	(47,266)	(105,506)	(105,506)	(105,506)	(41,768)	(35,732)	(27,998)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		32,294	37,605	99,590	79,213	79,571	79,571	79,571	68,420	38,621	34,646
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	1,225	1,225	1,225	-	-	-
Surplus/(Deficit) after capital transfers & contributions		17,050	13,626	75,542	31,947	(24,709)	(24,709)	(24,709)	26,652	2,889	6,648
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		17,050	13,626	75,542	31,947	(24,709)	(24,709)	(24,709)	26,652	2,889	6,648
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		17,050	13,626	75,542	31,947	(24,709)	(24,709)	(24,709)	26,652	2,889	6,648
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		17,050	13,626	75,542	31,947	(24,709)	(24,709)	(24,709)	26,652	2,889	6,648



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Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- 1.Total revenue is R 270 million in 2019/20 and decrease to R255 million by 2020/21. This represents a year-on-year decrease of 5.5 per cent for the 2020/21 financial year and 5 per cent increase for the 2021/22 financial year.
2. Revenue to be generated from property rates is R42 million in the 2019/20 financial year and increases to R 44 million by 2020/21 which represents 5.4per cent of the operating revenue base of the Municipality.
- 3.Services charges relating to refuse removal, electricity supply, water supply and sanitation constitutes per cent of the revenue basket of the Municipality totalling to only R 51 million for the 2019/20 financial year and increasing by 5.2 per cent by 2020/21.
- 4.Transfers recognised - operating includes the local government equitable share and other operating grants from national provincial government and District municipality. It needs to be noted that in real terms the grants receipts from national government have decreased in the MTREF by 9.8 per cent, per cent and for the two outer years.

Figure 2 Expenditure by major type

- 5.Employee related costs are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage increases in future years.



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Table 14 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Service		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Service		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Mayor and Council		-	25	-	915	790	790	790	600	-	-
Vote 2 - Municipal Manager		-	100	33	850	5,991	5,991	5,991	-	-	-
Vote 3 - Finance		1,120	204	406	550	399	399	399	200	-	-
Vote 4 - Corporate Service		1,051	2,923	3,642	4,950	4,920	4,920	4,920	1,840	-	-
Vote 5 - Community Services		5,792	4,112	944	7,842	4,568	4,568	4,568	5,710	-	-
Vote 6 - Technical Service		26,271	28,636	93,661	91,980	87,892	87,892	87,892	76,670	37,278	33,214
Capital single-year expenditure sub-total		34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214
Total Capital Expenditure - Vote		34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214
Capital Expenditure - Functional											
Governance and administration		2,171	3,252	4,081	7,265	12,099	12,099	12,099	2,640	-	-
Executive and council		-	125	33	1,765	6,781	6,781	6,781	600	-	-
Finance and administration		2,171	3,128	4,048	5,500	5,319	5,319	5,319	2,040	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		5,792	3,516	944	5,303	2,868	2,868	2,868	4,750	-	-
Community and social services		-	588	-	2,640	2,378	2,378	2,378	2,050	-	-
Sport and recreation		5,792	1,009	944	-	-	-	-	-	-	-
Public safety		-	1,919	-	2,663	490	490	490	2,700	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		17,921	18,599	62,005	52,995	45,518	45,518	45,518	27,446	15,364	8,639
Planning and development		-	80	-	340	100	100	100	200	-	-
Road transport		17,921	18,518	62,005	52,655	45,418	45,418	45,418	27,246	15,364	8,639
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		8,350	10,632	31,655	41,525	44,074	44,074	44,074	50,184	21,914	24,575
Energy sources		6,614	6,158	16,008	18,066	16,731	16,731	16,731	25,550	4,500	6,000
Water management		1,505	38	2,303	6,917	15,844	15,844	15,844	8,447	5,983	6,381
Waste water management		232	3,841	13,345	14,002	9,799	9,799	9,799	15,227	11,431	12,193
Waste management		-	595	-	2,540	1,700	1,700	1,700	960	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214
Funded by:											
National Government		30,905	21,115	42,293	40,635	43,335	43,335	43,335	49,331	30,013	33,214
Provincial Government		-	4,262	52,312	37,320	37,320	37,320	37,320	17,808	7,265	-
District Municipality		-	4,160	-	-	-	-	-	-	-	-
Other transfers and grants		-	728	-	-	1,265	1,265	1,265	-	-	-
Transfers recognised - capital	4	30,905	30,264	94,605	77,955	81,920	81,920	81,920	67,139	37,278	33,214
Borrowing	6	-	-	-	14,297	-	-	-	8,950	-	-
Internally generated funds		3,330	5,736	4,081	14,835	22,639	22,639	22,639	8,930	-	-
Total Capital Funding	7	34,235	36,000	98,686	107,087	104,559	104,559	104,559	85,020	37,278	33,214



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Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

3. Single-year capital expenditure has been appropriated at R 85 million for the 2019/20 financial year and decreases relatively constant over the MTREF at levels of R32 million and R33 million respectively for the two outer years.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included.

5. The capital program is funded from capital transfers, and internally generated funds.



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Table 15 MBRR Table A6- Budgeted Financial Position.**EC106 Sundays River Valley - Table A6 Budgeted Financial Position**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		1,001	1,051	508	1,890	1,890	1,890	1,890	7,763	8,792	13,248
Call investment deposits	1	7,508	13,882	12,076	19,383	2,248	2,248	2,248	–	–	–
Consumer debtors	1	19,811	25,117	47,504	61,835	25,093	25,093	25,093	85,068	58,160	58,160
Other debtors		26,141	26,141	30,642	–	19,254	19,254	19,254	–	–	–
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	241	241	169	270	270	270	270	216	186	197
Total current assets		54,703	66,433	90,900	83,378	48,756	48,756	48,756	93,047	67,138	71,605
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	539,292	541,534	607,331	633,993	676,160	676,160	676,160	705,623	594,999	567,047
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		1,288	1,748	4,249	1,838	7,742	7,742	7,742	6,144	4,885	3,627
Other non-current assets		322	322	322	322	322	322	322	322	322	322
Total non current assets		570,153	572,855	641,153	665,403	713,474	713,474	713,474	741,339	629,458	600,247
TOTAL ASSETS		624,856	639,288	732,053	748,781	762,230	762,230	762,230	834,386	696,595	671,851
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	1,436	566	1,150	4,596	1,596	1,596	1,596	3,478	3,478	3,748
Consumer deposits		56	56	64	56	56	56	56	56	56	56
Trade and other payables	4	32,854	46,232	59,582	25,618	69,825	69,825	69,825	36,237	38,194	40,256
Provisions		450	607	780	–	–	–	–	–	–	–
Total current liabilities		34,796	47,461	61,575	30,270	71,477	71,477	71,477	39,772	41,728	44,061
Non current liabilities											
Borrowing		397	318	1,214	14,054	857	857	857	6,956	3,748	–
Provisions		15,293	16,004	18,219	18,347	38,355	38,355	38,355	26,222	27,638	29,130
Total non current liabilities		15,690	16,322	19,432	32,401	39,212	39,212	39,212	33,178	31,386	29,130
TOTAL LIABILITIES		50,486	63,783	81,008	62,672	110,689	110,689	110,689	72,950	73,114	73,191
NET ASSETS	5	574,370	575,505	651,045	686,110	651,540	651,540	651,540	761,436	623,481	598,661
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		574,370	575,505	651,045	686,110	651,540	651,540	651,540	761,436	623,481	598,661
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	574,370	575,505	651,045	686,110	651,540	651,540	651,540	761,436	623,481	598,661



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Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3 which will be included on the SDBIP providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.



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Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

EC106 Sundays River Valley - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	26,730	32,210	34,235	34,235	34,235	36,123	38,089	40,179
Service charges		38,059	44,048	17,749	21,957	20,173	20,173	20,173	44,460	48,716	53,471
Other revenue		39,590	6,266	4,906	74,475	5,181	5,181	5,181	5,493	5,790	6,103
Government - operating	1	61,707	67,216	74,866	94,751	77,994	77,994	77,994	86,565	92,860	100,932
Government - capital	1	29,241	37,605	96,312	62,482	79,571	79,571	79,571	68,420	38,621	34,646
Interest		1,382	1,616	1,498	3,752	1,299	1,299	1,299	1,360	1,496	1,645
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(143,993)	(112,277)	(124,255)	(176,616)	(122,801)	(122,801)	(122,801)	(149,549)	(181,721)	(193,463)
Finance charges		(2,085)	(462)	(488)	(1,449)	(700)	(700)	(700)	(500)	(527)	(555)
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		23,901	44,013	97,317	111,563	94,953	94,953	94,953	92,373	43,324	42,958
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		256	–	–	–	300	300	300	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(33,479)	(36,000)	(98,686)	(107,087)	(104,559)	(104,559)	(104,559)	(84,290)	(37,278)	(33,214)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(33,223)	(36,000)	(98,686)	(107,087)	(104,259)	(104,259)	(104,259)	(84,290)	(37,278)	(33,214)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(3,171)	(949)	(980)	(4,596)	(1,150)	(1,150)	(1,150)	(4,459)	(5,018)	(5,288)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3,171)	(949)	(980)	(4,596)	(1,150)	(1,150)	(1,150)	(4,459)	(5,018)	(5,288)
NET INCREASE/ (DECREASE) IN CASH HELD											
		(12,493)	7,064	(2,349)	(121)	(10,456)	(10,456)	(10,456)	3,625	1,029	4,456
Cash/cash equivalents at the year begin:	2	20,363	7,870	14,934	2,010	14,595	14,595	14,595	4,138	7,763	8,792
Cash/cash equivalents at the year end:	2	7,870	14,934	12,585	1,889	4,138	4,138	4,138	7,763	8,792	13,248

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget



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Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC106 Sundays River Valley - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	7,870	14,934	12,585	1,889	4,138	4,138	4,138	7,763	8,792	13,248
Other current investments > 90 days		640	(0)	(0)	19,384	0	0	0	(0)	(0)	0
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		8,510	14,934	12,585	21,273	4,138	4,138	4,138	7,763	8,792	13,248
Application of cash and investments											
Unspent conditional transfers		3,065	3,757	2,418	–	4,700	4,700	4,700	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(9,769)	13,497	17,648	(45,485)	39,066	39,066	39,066	(27,940)	(5,778)	(3,829)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(6,703)	17,254	20,066	(45,485)	43,766	43,766	43,766	(27,940)	(5,778)	(3,829)
Surplus(shortfall)		15,213	(2,320)	(7,481)	66,758	(39,627)	(39,627)	(39,627)	35,703	14,570	17,077

Explanatory notes to Table A8 -Cash Backed Reserves/Accumulated Surplus Reconciliation

- 1.The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 - Funding a Municipal Budget.
- 2.In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- 3.The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non - compliance with the MFMA requirements that the municipality's budget must be "funded".
- 4.Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- 5.Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 MTREF was funded owing to the significant deficit.
- 6.As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.



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Table 18 MBRR Table A9 -Asset Management.

EC106 Sundays River Valley - Table A9 Asset Management										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure		
R thousand		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
ASSET REGISTER SUMMARY - PPE (WDV)	5	570,153	572,855	641,153	665,403	713,474	713,474	741,339	629,458	600,247
Roads Infrastructure		72,911	18,518	62,005	190,895	37,710	37,710	24,338	12,665	5,760
Storm water Infrastructure		21,854	-	-	-	-	-	-	-	-
Electrical Infrastructure		14,561	6,146	16,008	93,711	11,827	11,827	25,550	4,500	6,000
Water Supply Infrastructure		142,118	38	2,303	107,351	9,472	9,472	6,000	5,983	6,381
Sanitation Infrastructure		134,761	3,825	13,345	173,262	3,565	3,565	11,431	11,431	12,193
Solid Waste Infrastructure		8,089	-	-	8,049	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		394,293	28,528	93,661	573,268	62,574	62,574	67,319	34,579	30,335
Community Assets		-	1,009	944	-	-	-	3,200	2,699	2,879
Heritage Assets		322	322	322	322	322	322	322	322	322
Investment properties		29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250	29,250
Other Assets		-	-	-	-	-	-	1,790	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		1,288	1,748	4,249	1,838	7,742	7,742	6,144	4,885	3,627
Computer Equipment		-	-	-	-	-	-	400	-	-
Furniture and Office Equipment		-	-	-	-	-	-	622,093	557,721	533,834
Machinery and Equipment		144,999	511,998	512,727	60,724	613,586	613,586	8,020	-	-
Transport Assets		-	-	-	-	-	-	2,800	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	570,153	572,855	641,153	665,403	713,474	713,474	741,339	629,458	600,247
EXPENDITURE OTHER ITEMS		32,184	35,986	31,826	42,236	41,503	41,503	40,391	41,258	42,280
<u>Depreciation</u>	7	29,111	32,012	28,083	37,803	37,803	37,803	26,366	26,874	27,952
<u>Repairs and Maintenance by Asset Class</u>	3	3,072	3,974	3,744	4,433	3,700	3,700	14,025	14,384	14,328
Roads Infrastructure		142	231	-	440	-	-	3,794	4,042	4,301
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		23	56	651	50	50	50	3,026	3,218	3,419
Water Supply Infrastructure		968	1,006	176	984	1,456	1,456	699	736	776
Sanitation Infrastructure		1,068	1,860	1,070	200	200	200	3,126	2,826	3,156
Solid Waste Infrastructure		401	112	1,082	300	200	200	200	211	222
Infrastructure		2,601	3,265	2,978	1,974	1,906	1,906	10,845	11,033	11,874
Community Facilities		-	-	-	652	260	260	700	738	667
Sport and Recreation Facilities		-	-	-	200	200	200	400	422	44
Community Assets		-	-	-	852	460	460	1,100	1,159	711
Operational Buildings		282	115	428	907	657	657	1,210	1,276	789
Housing		-	-	-	-	-	-	-	-	-
Other Assets		282	115	428	907	657	657	1,210	1,276	789
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		71	0	60	200	100	100	102	108	113
Machinery and Equipment		-	-	-	148	168	168	270	285	300
Transport Assets		118	594	277	353	409	409	497	524	541
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		32,184	35,986	31,826	42,236	41,503	41,503	40,391	41,258	42,280
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		90.3%	83.7%	95.9%	77.5%	85.7%	85.7%	75.1%	84.0%	80.8%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		106.2%	94.2%	336.9%	219.4%	236.9%	236.9%	242.0%	116.5%	96.0%
<i>R&M as a % of PPE</i>		0.6%	0.7%	0.6%	0.7%	0.5%	0.5%	2.0%	2.4%	2.5%
<i>Renewal and upgrading and R&M as a % of PPE</i>		6.0%	6.0%	15.0%	13.0%	13.0%	13.0%	11.0%	7.0%	7.0%



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Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality only meet the repairs and maintenance part of these recommendations.



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Table 19 MBRR Table A10 - Basic Service Delivery Measurement.

EC106 Sundays River Valley - Table A10 Basic service delivery measurement										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		9,142	9,142	9,142	4,764	4,764	4,764	4,764	4,764	4,764
Piped water inside yard (but not in dwelling)		1,219	1,219	1,219	5,900	5,900	5,900	5,900	5,900	5,900
Using public tap (at least min. service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min. service level)	4	956	956	956	–	–	–	–	–	–
Minimum Service Level sub-total		11,317	11,317	11,317	10,664	10,664	10,664	10,664	10,664	10,664
Using public tap (< min. service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min. service level)	4	–	–	–	2,507	2,507	2,507	2,507	2,507	2,507
No water supply		213	213	213	1,578	1,578	1,578	1,578	1,578	1,578
Minimum Service Level sub-total		213	213	213	4,085	4,085	4,085	4,085	4,085	4,085
Total number of households	5	11,529	11,529	11,529	14,749	14,749	14,749	14,749	14,749	14,749
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		10,284	10,284	10,284	7,891	7,891	7,891	7,891	7,891	7,891
Flush toilet (with septic tank)		–	–	–	767	767	767	767	767	767
Chemical toilet		–	–	–	88	88	88	88	88	88
Pit toilet (ventilated)		–	–	–	3,127	3,127	3,127	3,127	3,127	3,127
Other toilet provisions (> min. service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level sub-total		10,284	10,284	10,284	11,873	11,873	11,873	11,873	11,873	11,873
Bucket toilet		–	–	–	1,062	1,062	1,062	1,062	1,062	1,062
Other toilet provisions (< min. service level)		1,245	1,245	1,245	841	841	841	841	841	841
No toilet provisions		–	–	–	973	973	973	973	973	973
Minimum Service Level sub-total		1,245	1,245	1,245	2,876	2,876	2,876	2,876	2,876	2,876
Total number of households	5	11,529	11,529	11,529	14,749	14,749	14,749	14,749	14,749	14,749
Energy:										
Electricity (at least min. service level)		11,764	11,764	11,764	10,846	10,846	10,846	10,846	10,846	10,846
Electricity - prepaid (min. service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level sub-total		11,764	11,764	11,764	10,846	10,846	10,846	10,846	10,846	10,846
Electricity (< min. service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	2,943	51	51	51	51	51	51
Other energy sources		2,943	2,943	–	3,852	3,852	3,852	3,852	3,852	3,852
Minimum Service Level sub-total		2,943	2,943	2,943	3,903	3,903	3,903	3,903	3,903	3,903
Total number of households	5	14,707	14,707	14,707	14,749	14,749	14,749	14,749	14,749	14,749
Refuse:										
Removed at least once a week		9,031	9,031	9,031	9,026	9,026	9,026	9,026	9,026	9,026
Minimum Service Level sub-total		9,031	9,031	9,031	9,026	9,026	9,026	9,026	9,026	9,026
Removed less frequently than once a week		435	435	428	428	428	428	428	428	428
Using communal refuse dump		454	454	457	457	457	457	457	457	457
Using own refuse dump		3,653	3,653	3,658	3,658	3,658	3,658	3,658	3,658	3,658
Other rubbish disposal		340	340	841	841	841	841	841	841	841
No rubbish disposal		837	837	339	339	339	339	339	339	339
Minimum Service Level sub-total		5,718	5,718	5,723	5,723	5,723	5,723	5,723	5,723	5,723
Total number of households	5	14,749	14,749	14,754	14,749	14,749	14,749	14,749	14,749	14,749
Households receiving Free Basic Services:	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	10,330	10,330	10,330
Sanitation (free minimum level service)		–	–	–	–	–	–	10,330	10,330	10,330
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	10,330	10,330	10,330
Refuse (removed at least once a week)		–	–	–	–	–	–	10,330	10,330	10,330
Cost of Free Basic Services provided - Informal Settlements:	8									
Water (6 kilolitres per indigent household per month)		–	–	–	–	–	–	6,045	6,559	7,134
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	6,665	7,233	7,866
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	7,016	7,613	8,280
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	11,505	12,484	13,577
Cost of Free Basic Services provided - Informal Settlements		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		–	–	–	–	–	–	31,231	33,889	36,857
Reductions and rebates and impermissible values in excess of section 17 of MPRA)		–	–	–	–	–	–	45,562	48,022	50,616
Total revenue cost of subsidised services provided		–	–	–	–	–	–	45,562	48,022	50,616



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Explanatory notes to Table A10 - Basic Service Delivery Measurement

1.The budget provides for 3500 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. The number is set to increase by 700 households given the rapid rate of unemployment and grants dependency by the Sundays River Valley Municipality community and the implementation of the alternative energy.



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Part 2 - Supporting Documentation

1.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

There were no deviations in terms of tabling of the Draft budget and Final Budget to the Council.



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2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third review of the IDP as adopted by Council in May 2017. It started in August 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/20 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Preparation of the procurement plans
- Public participation process; Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.



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2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2018/19 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and Investments possibilities
- The need for tariff increases versus the ability of the community to pay for services
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 94 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2019/20 MTREF as tabled before Council on 29 March 2018 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process and included five public briefing sessions. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction.



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Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2019/20 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality. is responsible for managing the equitable use of resources to ensure that
- constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal, sanitation backlogs, unavailability of water in some areas and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Remuneration packages of council officials were criticized as being very high, Pensioners cannot afford the tariff increases due to low annual pension increases; and During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the draft 2019/20 MTREF compared to the Final2019/20 MTREF that was tabled for community consultation, include:

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.



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It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009; Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS); National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy; National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA); National 2014 Vision;
- National Spatial Development Perspective (NSDP) and The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 20 IDP Strategic Objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:



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1.Provision of quality basic services and infrastructure which includes, amongst others:

- Provide waste removal;
- Provide roads and storm water; Water supply;
- Provide Municipality planning services; and
- Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:
Ensuring there is a clear structural plan for the Municipality;

- Ensuring planning processes function in accordance with set timeframes;
- Facilitating the use of labour-intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities: o

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
- Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Bathe Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Bathe Pele in the revenue management strategy.



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5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website.

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines - so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area-based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.



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The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 21 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue.

EC106 Sundays River Valley - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
INSTITUTIONAL MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	To ensure the municipality approves the organogram and fills vacancies, Capacity building and empowerment programmes to ensure skills enhancement of staff.To ensure that the municipality has employment equity plan and that targets are met.To ensure effect			89	2,721	15,884	8,448	8,548	8,548	9,276	10,193	10,929
Community and Social Service	Communities have sufficient and affordable solid waste disposal options to encourage clean and healthy environment.To ensure provision of water quality monitoring and food control, To ensure the provision of effective and efficient fire and disaster manag			30,340	25,011	27,364	49,762	49,001	49,001	39,298	41,940	45,193
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Annual review and development of IDP/Budget, To enhance Council oversight, To continuously cooperate in the provision of service delivery initiatives, Continuously ensure good customer care for SRVM's stakeholders, To ensure a fully functional Performance			7,041	15,779	17,515	7,524	7,524	7,524	16,547	17,896	19,016
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Ensure access and a continuous supply of good quality water and sanitation to each user by 2022, SRVM Community has access to good quality roads built according to applicable standards, To ensure compliant reporting in all respects of all grants, Improved			98,187	102,712	171,520	145,984	161,675	161,675	155,348	131,931	136,977
FINANCIAL VIABILITY AND MANAGEMENT	To produce financial reports that meet the requirements of National Treasury department, To ensure compliant reporting in all respects of all grants, To ensure a sustainable cash flow, To ensure proper procurement of goods and services in terms of chapter			50,952	48,521	39,243	55,009	48,033	48,033	49,973	53,490	56,708
LOCAL ECONOMIC DEVELOPMENT	Establishment of policy framework for LED, To provide and invest in the economic infrastructure development in all wards by 2022, To strengthen the capacity of SMMEs and Increase the number of viable emerging businesses, Promotion of at least 5 communit			–	–	150	4,223	4,223	4,223	–	–	–
Allocations to other priorities				2								
Total Revenue (excluding capital transfers and contributions)			1	186,609	194,744	271,676	270,949	279,004	279,004	270,442	255,450	268,823



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Table 22 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.

EC106 Sundays River Valley - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
INSTITUTIONAL MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	To ensure the municipality approves the organogram and fills vacancies, Capacity building and empowerment programmes to Communities have sufficient and affordable solid waste disposal options to encourage clean and healthy environment.To ensure Annual review and development of IDP/Budget, To enhance Council oversight, To continuously cooperate in the provision of Ensure access and a continuous supply of good quality water and sanitation to each user by 2022, SRVM Community has access to To produce financial reports that meet the requirements of National Treasury department, To ensure compliant reporting in all respects Establishment of policy framework for LED, To provide and invest in the economic infrastructure development in all wards by 2022.		1	10,012	12,970	12,834	19,870	17,271	17,271	20,215	22,553	20,281	
Community and Social Service				20,441	22,065	28,909	49,086	58,827	58,827	55,947	57,584	61,653	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION				15,251	14,240	13,691	15,879	15,069	15,069	16,133	17,138	16,250	
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT				48,593	45,140	54,613	101,525	130,101	130,101	97,146	104,447	112,249	
FINANCIAL VIABILITY AND MANAGEMENT				75,262	86,702	83,530	48,021	78,917	78,917	49,655	45,860	47,456	
LOCAL CONOMIC DEVELOPMENT				—	—	2,558	4,620	3,530	3,530	4,695	4,980	4,286	
Allocations to other priorities													
Total Expenditure				1	169,560	181,117	196,134	239,002	303,714	303,714	243,790	252,562	262,175



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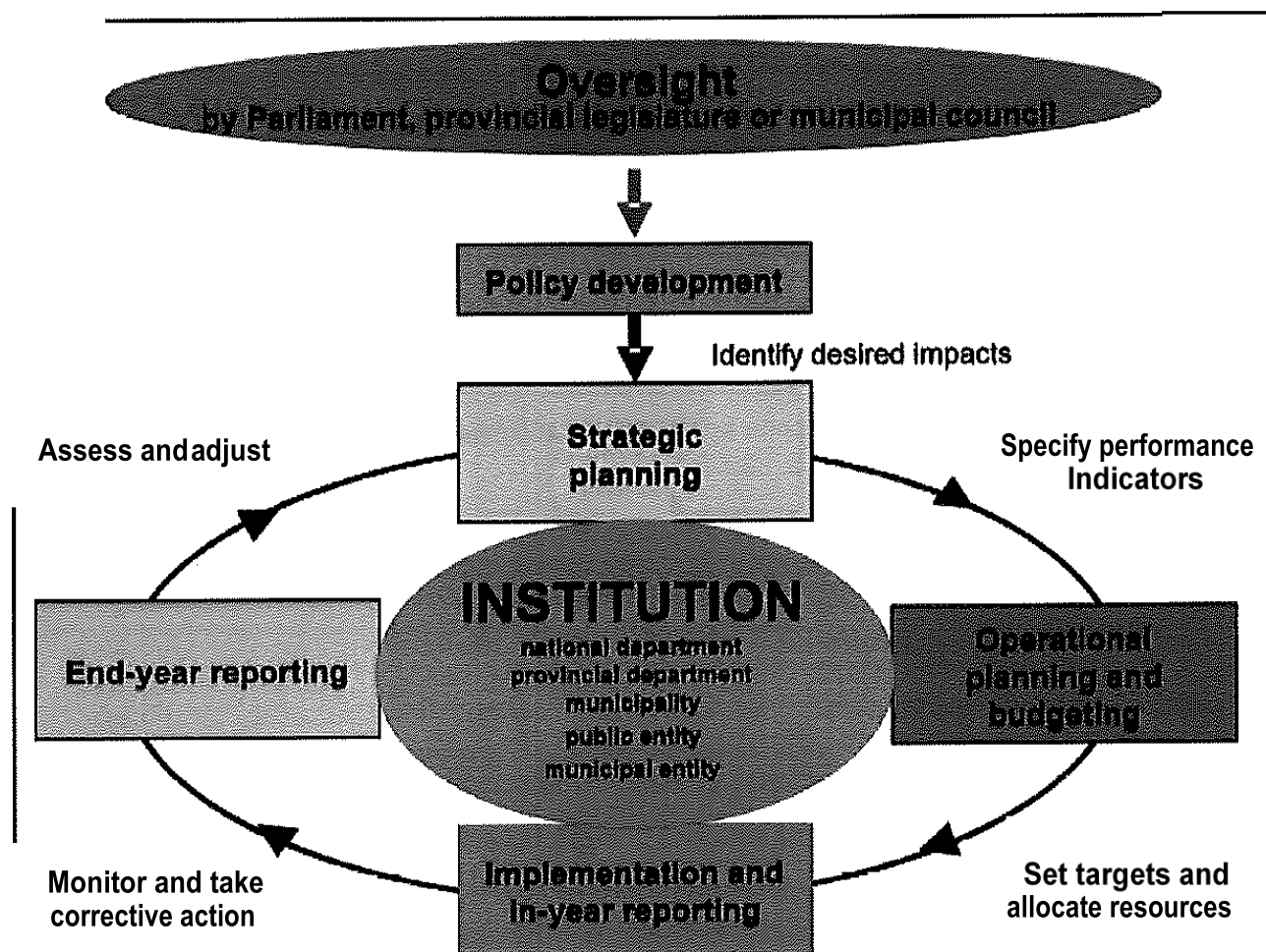
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2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



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Figure 3 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and Improvement (making changes where necessary).
- The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:



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The following table sets out the municipality's main performance objectives and benchmarks for the 2019/20 MTREF.

Table 25 MBRR Table SA8 - Performance indicators and benchmarks

EC106 Sundays River Valley - Supporting Table SA8 Performance indicators and benchmarks											
on of financial	sis of calculati	2015/16	2016/17	2017/18	Current Year 2018/19				20 Medium Term Revenue & Expenditure Fram		
		udited Outcom	udited Outcom	udited Outcom	Original Budget	Adjusted Budget	ull Year Forecas	e-audit outcom	dget Year 2019	get Year +1 202	get Year +2 202
Borrowing Management											
Credit Rating											
Capital Charges	Interest & Princip	3.1%	1.1%	1.5%	3.3%	5.7%	5.7%	5.7%	3.0%	3.2%	3.2%
Capital Charges	Finance charges	5.7%	2.2%	3.0%	7.0%	14.5%	14.5%	14.5%	6.3%	6.5%	6.3%
Borrowed fundin	Borrowing/Capit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borr	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/c	1.6	1.4	1.5	2.8	0.7	0.7	0.7	2.3	1.6	1.6
Current Ratio ad	Current assets le	1.6	1.4	1.5	2.8	0.7	0.7	0.7	2.3	1.6	1.6
Liquidity Ratio	Monetary Assets	0.2	0.3	0.2	0.7	0.1	0.1	0.1	0.2	0.2	0.3
Revenue Management											
Annual Debtors	Last 12 Mths Receipts/Last 12 Mth	48.4%	62.9%	62.9%	54.4%	57.5%	54.6%	54.6%	54.6%	85.7%	85.7%
Current Debtors Collection Rate (%)		48.4%	62.9%	54.4%	57.5%	54.6%	54.6%	54.6%	85.7%	85.7%	85.8%
Outstanding Debt	Total Outstanding	29.8%	32.6%	45.4%	32.2%	22.4%	22.4%	22.4%	42.1%	26.8%	24.8%
Longstanding Debt	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investment		378.5%	284.4%	454.2%	1355.8%	1480.9%	1480.9%	1480.9%	0.0%	0.0%	0.0%
Other Indicators											
Employee costs	Employee costs/	30.5%	35.3%	35.9%	37.9%	36.0%	36.0%	36.0%	40.5%	40.2%	39.6%
Remuneration	Total remuneration	34.5%	39.2%	39.9%	41.6%	39.6%	39.6%		44.2%	43.8%	43.2%
Repairs & Maintenance	R&M/(Total Revenue)	2.0%	2.5%	2.2%	2.3%	1.9%	1.9%		6.9%	6.6%	6.1%
Finance charges	FC&D/(Total Revenue)	20.2%	21.1%	17.5%	21.5%	27.3%	27.3%	27.3%	14.5%	13.8%	13.3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating)	35.7	36.6	11.9	46.4	46.4	46.4	20.7	17.7	17.9	19.2
ii. O/S Service Debt	Total outstanding	58.4%	73.1%	95.6%	65.6%	44.5%	44.5%	44.5%	90.4%	57.4%	53.3%
iii. Cost coverage	(Available cash)	0.9	1.3	1.0	0.1	0.2	0.2	0.2	0.5	0.5	0.8



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2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long- term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position.

Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. No borrowings are planned in the upcoming financial years.

2.3.1.2 Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 2,1 in the 2019/20 financial year and 7.9 for the two outer years of the MTREF.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2019/20 financial year the ratio was 2,1 and as part of the financial planning strategy it has been increased to 7.9 in the 2019/20 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer-term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework will have to be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality

in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.



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2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Sundays River Valley Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The municipality has set aside an amount totalling to R2.5 million for electricity indigents, and R1000m for alternate energy indigents.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in June 2018 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide



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in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in June 2018. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).



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2.5 Overview of budget assumptions

The budget for the 2019/20 financial year was drawn up with the following assumptions and principles taken into account:

- The budget is prepared in terms of the provisions of the Generally Recognised Accounting Practice framework to comply with the provisions of the MFMA
- Revenue figures are based on realistic estimates of revenue to be collected.
- Actual revenue collected for the current year and realistic revenue projections were taken into account in determining the revenue for the coming year.
- The principals of economic viability and sustainability is applied in all services and where possible no cross subsidization is done between services.
- National growth parameters were used as far as possible for the determination of outer year budget amounts.
- A general salary increases of 6.7% is used for the determination of the salaries of staff, Public office bearers and Senior Management.
- The Municipality still relies heavily on grants and subsidies for funding of the capital requirements for the 2019/20 financial year and does not possess the financial capacity to raise capital from own revenue sources.
- Only funded capital projects are included in the capital estimates for the 2019/20 financial year.
- Both the capital and operating budgets are informed by the IDP process done through a public participation process.

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities.

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise per cent of total operating expenditure in the 2019/20 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.



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2.6 Municipal manager's quality certificate

I S.S. FADI the Municipal Manager of Sundays River Valley Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name -----
Municipal manager of Sundays River Valley Municipality. (EC106)

Signature-----

Date -----



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ANNEXURES



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SUNDAYS RIVER VALLEY MUNICIPALITY
TARIFF STRUCTURE
FOR 2019/2020 FINANCIAL YEAR

	PROPOSED	PROPOSED	PROPOSED	PROPOSED
	TARIFFS	TARIFFS	TARIFFS	TARIFFS
	2018/19	2019/20	2020/21	2021/2022
1. WATER				
Metered Water (rising block)				
0 to 6 kl free (free basic service and Indigent subsidy)	7.73	8.13	8.57	9.03
7 to 15 kl	9.05	9.52	10.04	10.58
16 to 25 kl	9.64	10.14	10.68	11.26
25 to 40 kl	10.65	11.20	11.80	12.44
41 to 55kl	11.49	12.08	12.74	13.42
56 to 70 kl	11.86	12.48	13.15	13.86
70 toKL	12.17	12.80	13.49	14.22
Water Tankers R500 per 5000litres	per 5000litres	500.00	527.00	555.46
Unmetered Water (standpipe)	170.40	179.26	188.94	199.14
Water availability Charge Monthly	32.73	40.00	42.16	44.44
Water availability Charge Anually	392.80	413.23	435.54	459.06
Minimum purchase for prepaid	10.25	10.78	11.37	11.98
Availability charge on prepaid purchases (%)	16.37	17.22	18.15	19.13
Water Deposit	635.83	668.89	705.01	743.08
Default advance payment (three time average consumption)		0.00	0.00	0.00
Reconnection fee	904.06	951.07	1002.43	1056.56
Disconnection fee	904.06	951.07	1002.43	1056.56
Illegal connection fine	4394.15	4622.65	4872.27	5135.38
Flat rate on metered area	565.00	650.00	685.10	722.10
New connection Contractor,s fee + 20%	full cost			
2. IRRIGATION WATER				
Basic Charge - built up erven	612.71	644.57	679.38	716.06
Basic Charge - not built up erven	2620.11	2756.36	2905.20	3062.08
3. SANITATION				
Sanitation per month	51.11	53.77	56.68	59.74
suction services - Aqua/MM park- per load	80.62	350.00	368.90	388.82
vip-tanker (per load)-PATERSON	161.24	450.00	474.30	499.91
4. SEWERAGE				
Households (1st and 2nd toilet included) p.a	826.20	869.17	916.10	965.57
Households (every additional toilet)	56.43	59.37	62.57	65.95
Businesses per toilet	222.51	234.08	246.72	260.04
Business Basic p.a	1445.32	1520.48	1602.59	1689.13
Churches per toilet	130.60	137.39	144.81	152.63
Church Basic	461.14	485.12	511.32	538.93
Hotels	129.00	135.70	143.03	150.75
Hotel Basic	661.07	695.45	733.00	772.58
Schools per toilet	591.74	622.52	656.13	691.56
Schools basic	459.53	483.42	509.53	537.04
Hospitals per toilet	764.26	804.00	847.42	893.18
Hospitals basic	793.29	834.54	879.61	927.11
Sewerage Blockages Normal Hours	177.36	207.28	218.47	230.27
Sewerage Blockages After Hours	354.72	373.16	393.31	414.55
Nightsoil	47.56	50.03	52.74	55.58



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REFUSE	PROPOSED	PROPOSED	PROPOSED	PROPOSED
	TARIFFS	TARIFFS	TARIFFS	TARIFFS
	2018/19	2019/20	2020/21	2021/2022
Households per month	88.22	92.81	97.82	103.11
Businesses	157.59	165.78	174.73	184.17
Fine for illegal dumping of refuse	4380.14	4607.90	4856.73	5118.99
Fine for illegal dumping of rubble	9636.30	10137.39	10684.81	11261.79
ASSESSMENT RATES	PROPOSED	PROPOSED	PROPOSED	PROPOSED
	TARIFFS	TARIFFS	TARIFFS	TARIFFS
	2018/19	2019/20	2020/21	2021/2022
land and improvements- srvm-residential	0.01312	0.01380	0.01454	0.01533
land and improvements- srvm-business & industrial properties	0.01623	0.01708	0.01800	0.01897
land and improvements- state owned properties	0.02656	0.02794	0.02945	0.03104
agriculture	0.00328	0.00345	0.00364	0.00383
Public Service Infrastructure	0.00328	0.00345	0.00364	0.00383
Rates Building Clause	0.01312	0.01380	0.01454	0.01533
Rates Clearance	81.93	86.19	90.85	95.75
Valuation certificate	81.93	86.19	90.85	95.75
Services rates- Informal Structure				
State owned properties less 30%				
R75000 rebate for all residential Properties				
Rebates as per policy				



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CEMETERY				
Cost of Site-other areas	250.00	263.00	277.20	292.17
Plot Town (Kirkwood, Paterson) Urban	450.00	473.40	498.96	525.91
Digging of 1,82 meter grave Cost R 271.00	628.01	660.67	696.35	733.95
Digging of 2,43 meter grave	1256.03	1321.34	1392.69	1467.90
Cremation Wall	448.57	471.90	497.38	524.24
Removal of cement slab	600.00	631.20	665.28	701.21
(Subject to Implementation Policy)				
MUNICIPAL BUILDINGS				
Hall: Deposit (All)	650.00	683.80	720.73	759.64
Rent per day 10h00 - 17h00	350.00	368.20	388.08	409.04
Rent per day 17h00 - 24h00	750.00	789.00	831.61	876.51
Deposits: Dances, weddings and profitable organizations	1500.00	1578.00	1663.21	1753.03
Swimming Pool				
Entrance Fee- Adults	50.00	52.60	55.44	58.43
Entrance Fee- Children	25.00	26.30	27.72	29.22
Hire of facility (10H00 to 15H30)	2500.00	2630.00	2772.02	2921.71
Deposits	1000.00	1052.00	1108.81	1168.68
Hawkers Stand p.a	200.00	210.40	221.76	233.74
other: Supermarket	1500.00	1578.00	1663.21	1753.03
Salon	750.00	789.00	831.61	876.51
Butchery	1500.00	1578.00	1663.21	1753.03
Business Licenses - farms	2500.00	2630.00	2772.02	2921.71
Environmental fees				
Certificate of Acceptability (CoA)				
Certificate of unsound foodstuffs(Condemns certificate)	1000 per item	157.80	166.32	175.30
Health inspection	200 per hour	210.40	221.76	233.74
Health Certificate(creches,schools,etc) per annum		0.00	0.00	0.00
Application for exhumation and re-burials	2500.00	2630.00	2772.02	2921.71
Re-Issue of all Certificates	100.00	105.20	110.88	116.87
		0.00	0.00	0.00
Fire Services				
Deliberate or own fault	5000 per Ha	5000 per Ha	5000 per Ha	5000 per Ha
Household	1000.00	1052.00	1108.81	1168.68
Businesses	2500 per sqm	2500 per sqm	2500 per sqm	2500 per sqm
Fire Hydrant		0.00	0.00	0.00
Fire inspection	200.00	210.40	221.76	233.74
Issuing of certificates per annum	250.00	263.00	277.20	292.17
		0.00	0.00	0.00
		0.00	0.00	0.00
Library		0.00	0.00	0.00
Fines	1.67	1.76	1.86	1.96
Lost book	cost	cost	cost	cost
fax transmission	10.62	11.17	11.77	12.41
fax received	10.62	11.17	11.77	12.41
Photocopies		0.00	0.00	0.00
Library Books A4	1.08	1.14	1.20	1.26
Library Books A3	1.67	1.76	1.86	1.96
Own Books A4	1.67	1.76	1.86	1.96
A3	2.95	3.10	3.27	3.45
A4 colour	10.62	11.17	11.77	12.41
A3 colour	14.84	15.61	16.45	17.34
		0.00	0.00	0.00
		0.00	0.00	0.00
Recoverable Jobs				
Deposit as estimated for the full service	ad hoc	ad hoc	ad hoc	ad hoc

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Building Plans	Regulation			
1 Advertisement - Town Planning Submissions Vat incl.	3706.10	3898.82	4109.36	4331.26
2 Advertisements - Town Planning Submissions Vat incl.	7380.15	7763.91	8183.16	8625.06
Advertisement Government Gazette	Full cost + 20%.			
Administration fee - basic -all types	46.16	48.56	51.19	53.95
		0.00	0.00	0.00
Black and White		0.00	0.00	0.00
A4	28.60	30.08	31.71	33.42
A3	5.54	5.83	6.15	6.48
A2	79.36	83.49	88.00	92.75
A1	103.27	108.64	114.51	120.69
A0	127.04	133.65	140.86	148.47
Colour		0.00	0.00	0.00
A4	63.53	66.83	70.44	74.24
A3	134.98	142.00	149.66	157.74
A2	230.25	242.23	255.31	269.09
A1	254.10	267.31	281.74	296.96
A0	285.86	300.72	316.96	334.08
		0.00	0.00	0.00
Grazing Camp Fees	Policy			
		0.00	0.00	0.00
Land Sales	Policy			
		0.00	0.00	0.00
Tender Documents	Ad Hoc			
		0.00	0.00	0.00
Advertising/ posters: deposit	318.52	335.08	353.18	372.25
Fine Illegal advertising	3177.75	3343.00	3523.52	3713.79
Fine Not removing posters	3177.75	3343.00	3523.52	3713.79
		0.00	0.00	0.00
Sport field rentals	250.00	263.00	277.20	292.17
CATEGORY 1				
Land developments				
1. Amendment of application				
a) Approved				
b) Not approved				
2. Phasing / cancellation of approved layout	1783.09	1875.81	1977.10	2083.87
3.Rezoning Application	2272.84	2391.03	2520.15	2656.23
a) Advertising	0.00			
b) Erven 0- 2500 m2	2503.94	2634.14	2776.39	2926.31
c) Erven 2501 m2 - 5000 m2	4693.34	4937.40	5204.02	5485.03
d) Erven 5001 m2 - 10 000 m2	9388.92	9877.15	10410.51	10972.68
e) Erven 1 ha - 5 ha	12516.33	13167.17	13878.20	14627.62
f) Erven 5 ha	15645.97	16459.56	17348.37	18285.19
		0.00	0.00	0.00
4. Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of the land	693.98	730.07	769.49	811.05
5. Amendment or cancellation of a general plan of a township	1964.42	2066.57	2178.17	2295.79
6. Subdivision of land:				
(a) Basic Fee	1711.45	1800.45	1897.67	2000.15
(b) Charge per subdivision (remainder considered a subdivision)	155.59	163.68	172.52	181.83
(c) Subdivisions into more than 80 erven (Township Establishment)	14158.38	14894.62	15698.92	16546.67
7. Permanent closure of a public place	594.36	625.27	659.03	694.62
8. Development on communal land	5699.62	5996.00	6319.78	6661.05
CATEGORY 2				
1. Subdivision of land provided for in land use scheme or town planning scheme	583.17	613.49	646.62	681.54
2. Subdivision of land	583.17	613.49	646.62	681.54
3. Consent use	1443.93	1519.02	1601.04	1687.50
4. The removal, amendment or suspension of a restrictive title condition relating to the density of residential development	693.98	730.07	769.49	811.05
5. Departures	0.00	0.00	0.00	0.00
(a) Advertising fee for departures	3070.32	3229.97	3404.39	3588.23
(a) Erven smaller than 500 m2	514.89	541.67	570.92	601.74
(b) Erven 500 – 750 m2	998.44	1050.36	1107.08	1166.86
(c) Erven larger than 750 m2	1790.92	1884.05	1985.79	2093.02
6. Occasional use: other rights	861.88	906.70	955.66	1007.27
7. Material amendments to original application prior to approval/refusal				
MISCELLANEOUS FEES				
1. Extension of validity period of approval	1326.40	1395.38	1470.73	1550.15
ALL TARIFFS ARE EXCLUSIVE OF VAT				

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